



**KEYNOTE ADDRESS BY
THE HONORABLE DATO' SERI ANWAR BIN IBRAHIM
PRIME MINISTER OF MALAYSIA**

**FOR
INVEST MALAYSIA 2023**

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KUALA LUMPUR**

Introduction

Assalamualaikum Warahmatullahi Wabarakatuh dan Salam Sejahtera

Alhamdulillah, Nahmaduhu Wa Nusalli Ala Rasoolillah Kareem

Yang Berhormat Tuan Rafizi Ramli

Minister of Economy

Yang Berbahagia Datuk Johan Mahmood Merican

Treasury Secretary-General

Yang Berbahagia Dato' Seri Dr. Awang Adek Hussin

Chairman, Securities Commission Malaysia

Yang Berbahagia Tan Sri Abdul Wahid Omar

Chairman, Bursa Malaysia

Yang Berbahagia Tan Sri Dato' Sri Zamzamzairani Mohd Isa

Chairman, Maybank

Investors, Chief of Executives, Presidents Members of the media

Honoured guests, ladies and gentlemen

1. *Saya mengucapkan penghargaan setinggi-tingginya kepada semua tetamu kehormat dan setelah mendengar kedua-dua pidato penting tadi, yang meletakkan garis aluan besar bagi pertumbuhan ekonomi, pasaran saham dan juga kemungkinan kepesatan, pergerakan dan perjalanan bank di negara kita.*
2. *Saya mengucapkan terima kasih kerana dalam kedua-dua pidato awal tadi, nampak memberikan beberapa harapan dan rangsangan baharu dan juga keyakinan, bukan sahaja kepada Belanjawan tetapi juga kepada Malayisa MADANI yang kita terokai sebagai satu landasan dan tonggak.*
3. *Apa maksudnya? Maksudnya ialah bahawa kita harus melakukan anjakan. Negara ini mempunyai potensi untuk menjadi sesuatu kekuatan ekonomi baharu dan saya percaya rakan-rakan saya termasuk YB Rafizi akan memanfaatkan waktu nanti untuk memberi penjelasan langkah-langkah yang harus diambil yang agak berbeza daripada pendekatan lama. Pendekatan lama tentunya*

ada asas kekuatan tetapi apabila membicarakan soal tatakelola dan governance, saya fikir ini adalah kelemahan besar dalam negara kita.

4. *Jadi ini menimbulkan kebimbangan tetapi rasa cemas ini harus dirobak, saya tidak melihat kenyataan perkembangan dunia dan juga perkembangan dalam negara yang sukar itu sebagai sesuatu yang menakutkan.*

Ladies and Gentlemen,

5. Fear for one's way of life and past achievements fading into irrelevance. Fear that we would never go back to "the way they were". Ibn Khaldun, the great historian dan sociologist in his Muqaddimah, referred to this very pertinent text:

"Throughout history, many nations have suffered a physical defeat, but that has never marked the end of a nation. But when a nation has become the victim of a psychological defeat, then that marks the end of a nation."

6. So listening to both the earlier speakers gives me great hope, and I am sure many of you would share that the sense of renewed confidence with a firm commitment that

the way we conduct our affairs must change, particularly the new spirit of transparency, of democratic accountability and good governance.

7. We as a nation, as Malaysians, must shape our future and utilize the potential that we have and not allow for a number of political elites to continue squandering the resources constructed out of a cornucopia of class, creed and colour. Yet in times of diversity, we the people come and must come together in the spirit of resilience and unity that will guide us through any of these challenging times.
8. The Belanjawan MADANI for example, laid down the foundation of a Malaysia that I, my colleagues and other Malaysians have long envisioned a Malaysia MADANI that puts Malaysians, respected race or creed especially the poor, the marginalised and the vulnerable, at the heart of its development.
9. For the uninitiated, allow me to address the thrust behind Malaysia MADANI. I'm impressed because this has been fully grasped by the earlier two speakers but the vision that is designed to revive, renew and re-energise — Sustainability, Prosperity, Innovation, Respect, Trust and Compassion. We aim to reshape the narrative of our

country based on three priorities: growth, reform and justice.

Driving economic growth that is inclusive and sustainable

10. The driving economic growth that is inclusive and sustainable. I will focus on growth specifically, growth that is inclusive and sustainable.
11. Current estimates of global economic performance warn of headwinds ahead. Analysts and researchers point to a global growth of 1.7% in 2023, a slowdown compared to 2.9% in 2022, We are all experts in this but I am a bit personally quite cynical about these figures because of the government changing.
12. You may remember that I used to chair the Development Committee of the World bank and the IMF. Last year they revised growth scenario four times. So be wary, yes, but be a bit positive because the determinants in this country would be guided by what we do as a nation, as a business community and as policy makers. So the probability of US recession within the next twelve months occupies strategic debate. And I leave it to the experts like YB Rafizi and the rest to debate on this.

13. I will focus on the issue of with a more positive note, whilst recognizing that there are concerns. But I remain like in my political career, an incorrigible optimist and I have proven at least for a time that we can make it and we can do it together.
14. Now, global inflation shows signs of peaking, the estimation is that it will only move downward rather slowly. Bank Negara Malaysia reports Malaysian headline inflation averaging 3.4% for the period of January-November of 2022. It is expected to moderate, but still remain at elevated levels amid lingering demand and cost pressures.
15. The good news, ASEAN is emerging as a defensive harbor — GDP growth for the ASEAN-5, excluding Singapore is estimated to remain resilient at 4.7% in 2023, down from 5.9% in 2022. China, a key economic engine and for us, a key economic partner, is in the process of its own reopening — the timing and extent of which we are all watching eagerly.
16. I think in the tourism sector, it was of immense advantage to us. I have seen flights from Korea and China to Sabah that has been quite unprecedented. For 2022, we

achieved a stellar GDP growth of 8.7%. We projects that Malaysia will achieve a 4.5% GDP growth in 2023, a notable achievement given the global economic environment.

17. In general, 2022 was driven by a combination of economic recovery as most sectors returned to work, as well as large-scale pandemic recovery measures. While these actions were necessary to protect ordinary Malaysians, one thing stands true: it was delivered at a heavy cost.
18. The Federal Government Debt now sits just below 61% of GDP, while statutory limit being at 65% of GDP, having been raised twice during the pandemic. Taken together with contingent liabilities, our total debt is RM1.5 trillion or 81% of GDP.
19. Let me be frank and recognize two key points / issues:

One: Can we activate and implement everything all at once? Clearly, the answer is no. There must be a sensible progression as well as the fiscal responsibility to maximize our means, and yet still work within them.

Two: Recognize that people of ordinary means are under

increasing economic pressure even for basic matters such as feeding, sheltering and ensuring the future progression of one's family.

20. Sensibly, one must build, secure and enable the ladders that will help the nation escape the middle-income trap, and for those at the very bottom, help them climb out of the despair of poverty. Without this, all is in vain.
21. Belanjawan MADANI is designed to address these challenges head on through fiscal reforms, rebuilding our fiscal buffers and economic, fiscal and debt resilience.
22. What we have done, as a practical and pragmatic first step, is to largely maintain the level overall spending. However, allocations have been strategically readjusted to better serve the nation and rebuild the critical core and aspirations of Malaysian society at large.
23. I need to emphasize the need for transparency and to observe strict financial procedures. I have to reiterate the point that billions have been lost, no exaggeration, in every single major project. The way we do business must change and let me assure you that this administration will not will not compromise on the principle of good

governance and anti-corruption measures.

24. I had the opportunity of meeting various successful home-grown startups such as Carsome, Oppstar and Farm Fresh. My administration is committed to support high value-add local startups from early stage right up to listing onto Bursa Malaysia. Towards this,

- i. GLICs will set aside RM1.5 billion in 2023 to invest in such home grown startups;
- ii. a tax deduction will be provided on listing costs for companies listing on ACE, LEAP as well as technology stocks onto the Main Board; and
- iii. listed companies will be allowed issuance of dual class shares.

25. We certainly want to ensure that successful startups will have access to later stage financing here in Malaysia, so that they do not need to seek listing abroad.

Ladies and gentlemen,

Reforming institution and governance to restore confidence

26. The Fiscal Responsibility Act and Government Procurement Act are key pieces of legislation moving forward. For too long, issues such as wastages, leakages, lack of transparency and accountability have hampered the best efforts to move the country forward. Which brings me to the Government's second priority of reforming institution and governance.
27. The scourge of corruption, ill-gotten gains and bribery have no place in this nation. The people deserve far better, and so do the businesses and the investors who are drawn to our unique advantages.
28. The reforms we have made, and the ones we will make in due time, all concern this area of wastage and loss — for instance, transparency in procurement award and quality execution of any government business is now a rule, not a mere norm.

29. While some question this administration's forthrightness in highlighting issues of this nature, believing that it casts aspersions on our national image, we believe the opposite. To start rebuilding confidence in our future, we must be honest about the problems that we face today.
30. I have said this many time, and I will repeat it here again. This Government adopts a zero-tolerance approach towards misconduct and corruption. We will uphold the highest ethical standards and there will be no room for abuse of power under this administration. Any breaches will be severely dealt with. Whether you are Tun or Tan Sri, regardless whether you are with this government or with the opposition, we will act without fear or favour.
31. Now, good corporate governance must remain the basis on which businesses, companies and shareholders operate. It is also necessary to ensure that good governance provides robust safeguards for investor protection and the stability of the financial and capital markets. Of course, we need full support from the Securities Commission Malaysia and Bursa Malaysia.

Ladies and gentlemen,

Upholding social justice to combat inequality

32. The third priority for this Government is to uphold social justice to combat inequality. The nation's economic expansion and growth should be achieved in the wider context of human economy, term it as humane economy or Karamah Insaniah that prioritises the people's needs, especially the poor and marginalized. We must free them from poverty's grip, perpetuated some could say by an unbridled capitalist system that has nurtured inequality in wealth and living standards.
33. The measures in Belanjawan MADANI deal with the eradication of hardcore poverty and minimizing the burden of cost of living. The poorest must be lifted and the IPR initiative by YB Rafizi, is one critical effort initiative in this direction so that they can move and save their families from the scourge of poverty.
34. I am referring to the Inisiatif Pendapatan Rakyat (IPR) or the People's Income Initiative, is a powerful platform to correct this societal imbalance. It works through providing opportunities for the poor to increase their income

potential in farming as well as in food and general maintenance service providers.

35. Now let me pause for a moment here because this approach is a departure from the traditional approach of providing system for the poor and keeping them at that level so that they are totally dependent on us. If you follow the political economist, Samir Amin referred to the dependency syndrome. Now this is contrary to our approach, which to help lift them from poverty and not to continue to depend on the political masters to help them in exchange for their support in the next elections.

Ladies and gentlemen,

Technology, Manufacturing and the growth of the Digital Driven Economy

36. Alongside these key infrastructure developments, the establishment of technology hubs in Penang and Johor, as well as the potential of Sabah and Sarawak in terms of competitive energy costs — these areas have attracted much interest and even begun securing approved investments.

37. As technology and the virtual or even the metaverse advances, our connectivity still matter as a major trading nation. In this respect, the process to expand and improve airport capacity in Penang and Subang, led by Malaysia Airports Holdings as well as sea-access via Sanglang Port in Perlis and a main port in Pulau Carey are key elements.

Ladies and gentlemen,

38. Green business is not only crucial to economic sustainability, but also for all life and its attendant qualities. Malaysia is blessed alhamdulillah, our home is also home to some of the world's oldest rainforests, and our seas share an area recognised as one of the richest reservoirs of biodiversity. These are natural God-given assets — to protect them and value them highly is a must.

39. In terms of assets we must build for ourselves in this area. Through Bank Negara Malaysia, we will provide financing to support green technology startups, while also helping SMEs implement low-carbon practices. Other forms of support in this area come in the form of a Green Technology Financing Scheme, Investment Tax Allowance and Income Tax Exemption for eligible activities.

40. Alongside runs an enhanced focus in investments in green growth areas including hydrogen technology, bioenergy and electric mobility and interesting enough, Sarawak is taking the lead in this field — enablers of green adoption across sectors as well as future economic engines.

41. A key part of the emphasis in these areas is ensuring that Malaysians also gain from the transfer of high-tech knowledge and skills, while prioritizing research and development efforts. It is one of the areas for the further development of Technical and Vocational Training - or TVET- that is being redesigned for greater participation of private sectors, while in conventional academia, updates on university syllabi are being developed.

42. For TVET, I still welcome companies, banks to take over some of our government existing TVET and to run it to fit your own requirement so there is no mismatch between the training TVET and the requirement of industries. We have about 50 conglomerates and companies led by Petronas have taken over some of these institutions and I think that would all go well for the future of our youth.

43. I look forward to projects in this field growing into a position where they can make use of Malaysia's Voluntary Carbon Market that is operated by Bursa Malaysia. Launched in December last year, the Bursa Carbon Exchange or BCX, is a vital catalyst in the acceleration towards a net-zero future. Notably, it is the first exchange in the world to receive a Shariah pronouncement for its Carbon Exchange. Congratulations.
44. To support the national journey to achieve Net Zero as early as 2050, I am pleased to announce that the Government is committing to a seed fund amounting to RM10 million to act as an assured demand of Malaysian-generated carbon credits to kickstart the market.
45. Clearly, when talking about a viable future for the environment where respect for the planet and quality of life are driving principles, it is a natural fit for further development and support through Islamic finance, a field where Malaysia has long been recognised as a global leader. The Government is committed to enhance the Islamic finance ecosystem further so that it can drive real societal change, especially through the optimization of waqf.

46. **In this regard, the Securities Commission Malaysia will, with effect from 3 April 2023, extend the Waqf-Featured Fund Framework to include Islamic Real Estate Investment Trusts (REITs) and Islamic Exchange Traded Funds (ETFs).**

Ladies and gentlemen,

Constantly evolving & responding, Malaysia must remained ready and open

47. The New Investment Policy is a forward-looking framework to ensure we remain ready to cater to changes in the global economy and to spur investment in future sectors. In many ways, it guides, facilitates and helps implement reforms to strengthen the fundamentals of our investment ecosystem.
48. We are open to innovation in emerging opportunities: part of this is dealing with the review of Intellectual Property policies to address issues such as ‘evergreening’ or artificial extensions of market exclusivity that exists in certain sectors. Efforts are also underway to improve the government’s advisory services for local companies and entrepreneurs in their efforts in creating and exploiting IP.

49. We are open to agile incentives: this includes fiscal and non-fiscal incentives on a more sector-agnostic basis, to enable agility in catering to evolving technologies and global priorities – including projects that exist in the fields of renewable energy, the digital economy as well as research and development that cuts across sectors.
50. We and kee into better meet needs of companies and investors. I understand there are parties who are concerned with respect to the Government's announcement to study Capital Gains Tax on unlisted shares at a low rate. I would like to give you the Government's commitment that:
- i. First, the tax will only be finalised upon extensive engagement with stakeholders;
 - ii. Second, the tax will not be introduced on listed shares; and
 - iii. Third, the disposal of unlisted shares for an approval Initial Public Offering will also not be subject to Capital Gains Tax. So please support and do not create too many problems.

51. Bursa Malaysia serves as an important avenue for companies to raise capital for growth via the primary market.

52. **With the growing need for companies to scale their businesses, I am pleased to note that the SC together with Bursa Malaysia will introduce the LEAP Market Transfer Framework for companies to migrate from the LEAP Market to the ACE Market. At the same time, Bursa Malaysia will introduce a new Recognised Adviser Framework that will expand the pool of advisers for the ACE Market.** I think the invitation by Bursa Malaysia maybe was conditional that I announced these issues.

53. Lastly, we are open to the demands of ESG: Not only are we open, we seek to accelerate the transition and transformation of industries and local players towards ESG adoption, even for SMEs. For example, through MITI, consultation and engagement with local and international stakeholders is ongoing to develop the National ESG framework for the manufacturing sector by 2024 and I believe Tengku Zafrul will enlighten you further on this subject.

54. Malaysia is taking a leadership role in the low carbon journey, by bringing a platform to help companies measure, monitor and drive reduction in carbon. **In this regard, I am pleased to announce that next month, Bursa Malaysia, working with the London Stock Exchange Group (LSEG), will be rolling out a Centralised Sustainability Reporting platform.**
55. **This will enable companies, both public listed companies as well as non-listed SMEs, to calculate their carbon emissions impact. It will also help them to disclose standardised common ESG data in a way that conforms to established global standards.**
56. This platform has the potential to be a key enabler to Malaysia's pivot to green, and to support our sustainable development, while creating high skill jobs for our progress towards a high-income nation.
57. I am often asked about the state of the nation's political climate. As a Unity Government, we are committed and upfront about building and steering the nation together, in a cohesive and constructive manner.

58. This cooperation also drives and coordinates efforts, and provides the basis for greater local autonomy to get working on addressing inequalities. This is crucial in reworking the longstanding economic imbalances not only between Peninsular Malaysia and Sabah and Sarawak, but also the urban and rural divide and urban issues relating to urban poverty or urban poor.
59. We may be a relatively young nation, but our path to political and democratic maturity has been a steep yet steady climb, especially within the last decade.
60. The reshaping of the Malaysian narrative is a continuous work- in-progress. I strongly believe that in building Malaysia MADANI, the greatest barrier to progress lies within us.
61. May Allah the Almighty give us the strength and fortitude to move past these challenges together and rewrite the new narrative for Malaysia.
62. *Sekali lagi saya mengucapkan terima kasih kepada Bursa Malaysia dan Maybank di atas inisiatif ini dan saya berbangga dapat bersama dan saya dengan segala hormatnya merasmikan INVEST MALAYSIA 2023.*